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THE

IMPORTANCE

OF TOURISM

TO THE

ONTARIO

ECONOMY

1976





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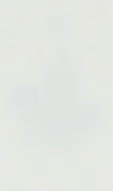
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THE IMPORTANCE OF TOURISM
TO THE ONTARIO ECONOMY

1976

Ministry of
Industry and
Tourism



Ministry of
Industry and
Tourism

The following is a summary of the findings of the study conducted by the Ministry of Industry and Tourism in 1976. The study was conducted to determine the importance of tourism to the Ontario economy. The study found that tourism is a major source of revenue for the province and that it has a significant impact on the economy. The study also found that tourism is a major source of employment for the province and that it has a significant impact on the environment. The study concludes that tourism is a vital part of the Ontario economy and that it should be encouraged and supported.

A study was conducted by the Ministry of Industry and Tourism in 1976 to determine the importance of tourism to the Ontario economy. The study found that tourism is a major source of revenue for the province and that it has a significant impact on the economy. The study also found that tourism is a major source of employment for the province and that it has a significant impact on the environment. The study concludes that tourism is a vital part of the Ontario economy and that it should be encouraged and supported.

Tourism Policy And Research Section
Ministry of Industry and Tourism

June, 1978



Shop Canadian

Office of the
Minister

Ministry of
Industry and
Tourism

416/965-1617

Hearst Block
Queen's Park
Toronto Ontario

June, 1978

Tourism has been an important sector of the Ontario economy for many years. It is estimated that tourism expenditures amounted to about \$5 billion in 1977, contributing in a significant way to income and employment in the Province. Increasing personal disposable income and leisure time will continue to lend impetus to the growing demand for tourism facilities and services.

I trust that this brief report, by highlighting certain key statistical data, will serve to heighten the overall awareness of the importance of tourism to Ontario.

John R. Rhodes,
Minister.

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Forward

This short report was prepared by Tourism Policy and Research Section in order to describe certain key characteristics of the important contribution of tourism to Ontario's economy in 1976, along with data pertaining to tourism growth. Please note that the data presented in this report replace similar statistics previously published by this Ministry.

The Ontario resident traveller statistics and economic impact data for 1976 were selected from the following as yet unpublished studies: Travel Survey of Ontario Households, 1976 (conducted by Tourism Policy and Research Section), and The Economic Impact of Tourism in Ontario and Regions, 1976 (conducted by Econometric Research Ltd.), respectively.

Also, to be published by the Fall of 1978, will be the Tourism Statistical Handbook which is being compiled by this Section, and which will be a complete compendium of Ontario tourism statistics.

For any further queries in regards to this publication, please contact:

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TOURISM IN ONTARIO, 1976

Collectively, domestic and foreign visitors made 102.3 million person-trips in Ontario during 1976, and these travellers spent a total of \$4,314 million.

Ontario residents were their own best travellers representing 69 per cent of the person-trips in the province. They spent a total of \$2,857 million or 66.2 per cent of the total tourism spending.

American visitors accounted for 20 per cent of the person-trips, and spent \$743 million or 17.2 per cent of the total. Visitors from other provinces were next, accounting for 9.7 per cent of Ontario's person-trips and 11 per cent of spending. While visitors from all other countries accounted for only 0.9 per cent of the total number of person-trips, they spent \$240 million or 5.6 per cent of the total.

NUMBER OF PERSON-TRIPS
TO ONTARIO, BY ORIGIN, 1976
(Millions)

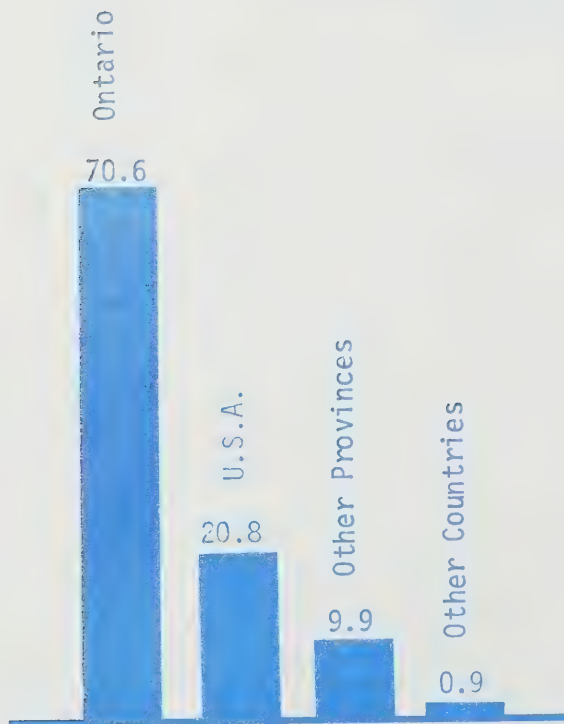


Chart 1

TOURISM EXPENDITURE
IN ONTARIO, BY ORIGIN, 1976
(\$ Millions)

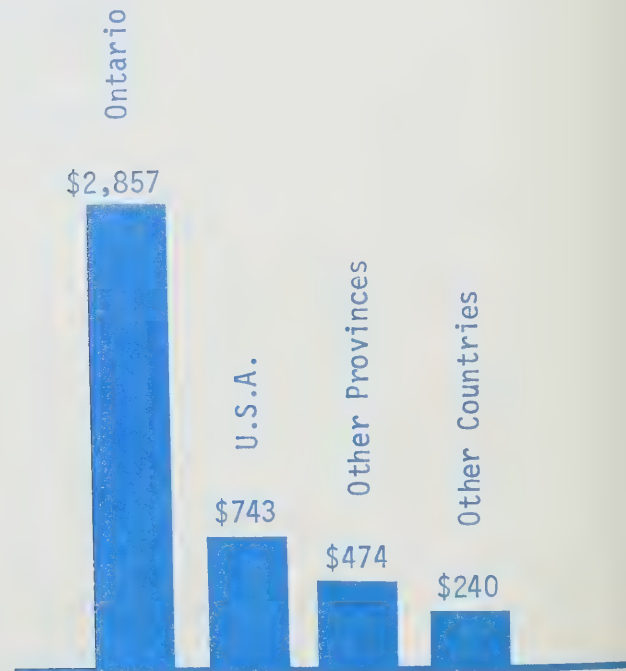


Chart 2

Table 1

NUMBER OF AND EXPENDITURE BY TRAVELLERS
IN ONTARIO, BY ORIGIN, 1976

<u>Origin</u>	<u>Number of Person-Trips</u> *	<u>Per Cent</u>	<u>Expenditure</u> (<u>\$ millions</u>)	<u>Per Cent</u>
	(000)			
Ontario (1)	70,585	69.0%	\$2,856.8	66.2%
U.S.A. (2)	20,853	20.4	743.0	17.2
Other Provinces (2)	9,900	9.7	474.0	11.0
Other Countries (2)	<u>933</u>	<u>0.9</u>	<u>240.0</u>	<u>5.6</u>
Total	102,271	100.0%	\$4,313.8	100.0%

Note: * One person on a trip denotes one person-trip, whereas two persons taking one trip together constitutes one trip but two person-trips. One person may make more than one trip per year. See Appendix II (a) and (b) for additional trip definitions.

Source: (1) Travel Survey of Ontario Households, 1976 (Preliminary data from as yet unpublished report), Ontario Ministry of Industry and Tourism.

(2) Ontario Ministry of Industry and Tourism and Statistics Canada.

ECONOMIC IMPACT OF TOURISM, 1976

As the total tourism expenditures made on trips, worked their way through the provincial economy, they generated a total income of \$8,105 million, which amount included \$4,470 million in wage and salary income. Also, provincial taxes collected from total income amounted to \$784 million.

INCOME AND TAXES GENERATED BY
TOURISM EXPENDITURE IN ONTARIO, 1976

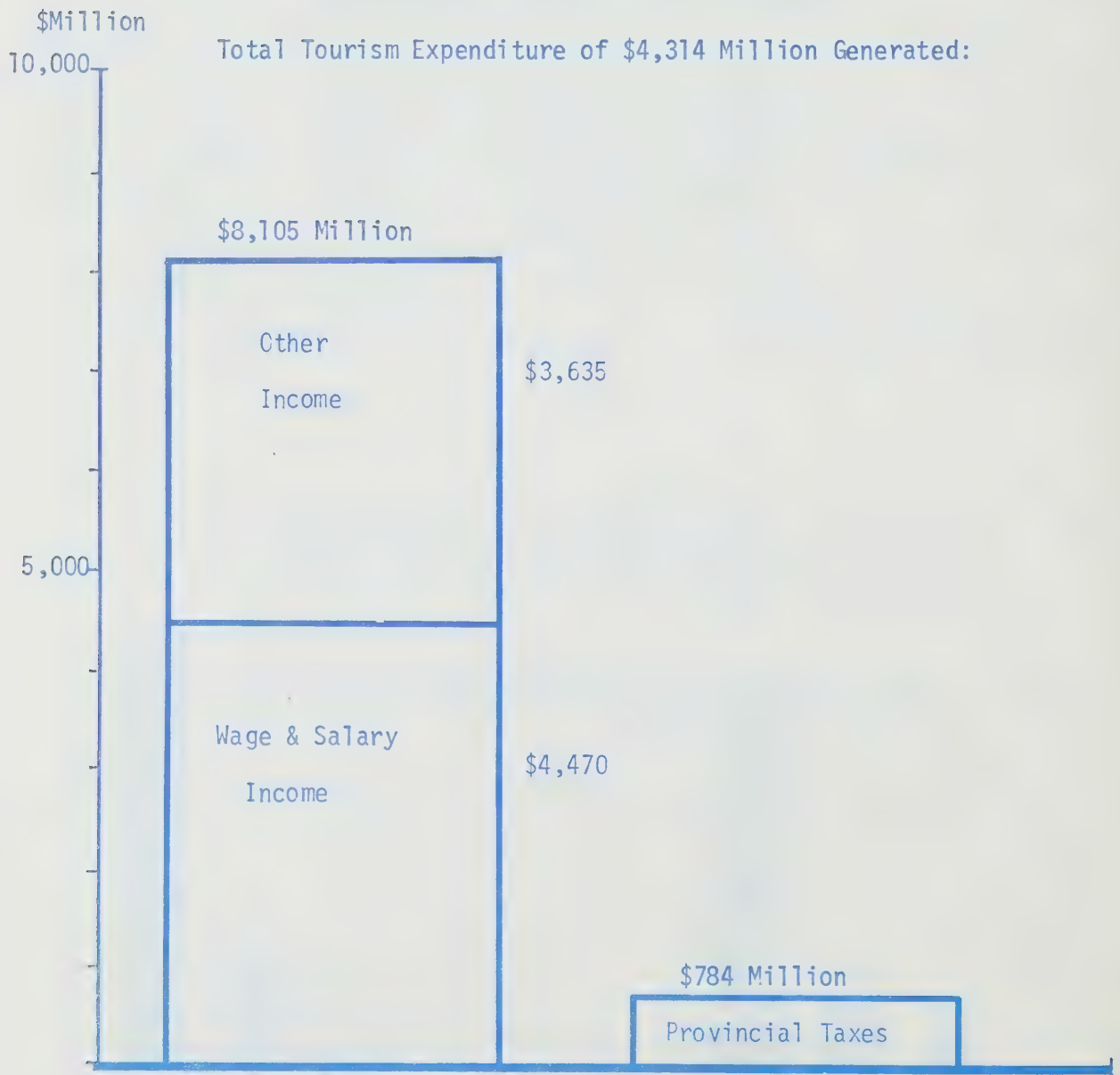


Chart 3

Table 2

ECONOMIC SPIN-OFF OF ORIGINAL TOURISM
EXPENDITURE IN ONTARIO, 1976

Total Tourism Expenditure of \$4,314 Million Generated:

(a)	<u>Wage and Salary Income</u>	\$4,470 Million
(b)	<u>Total Income</u> ⁽¹⁾	\$8,105 "
(c)	<u>Employment</u>	
	Direct ⁽²⁾	260,700 Man-Years
	Indirect and Induced ⁽³⁾	<u>144,700</u> "
	Total	405,400 Man-Years
(d)	<u>Provincial Taxes</u>	\$784 Million

Note: (1) Wage and Salary Income is included in total income.

(2) Employment in industries directly serving tourism (i.e. accommodation).

(3) Employment in industries indirectly serving tourism (i.e. agriculture);
See Appendix II (d) for definition.

Source: The Economic Impact of Tourism on Ontario and Regions, 1976 -
(Preliminary data from as yet unpublished report), Ontario
Ministry of Industry and Tourism.

CONTRIBUTION OF TOURISM TO THE PROVINCIAL ECONOMY

Tourism plays a vital role in contributing to Ontario's economy. The total income of \$8,105 million generated, accounted for 10.8 per cent of the province's total gross provincial product. Also, the 405,400 man-years of employment, and \$784 million in taxes collected, each accounted for 11 per cent of Ontario's total employment and provincial taxes.

CONTRIBUTION OF TOTAL TOURISM EXPENDITURE TO ONTARIO'S ECONOMY, 1976

Total Tourism Expenditure of \$4,314 Million Generated:

Gross Provincial Product = \$75,000 Million Employment = 3,689,000 Man-Years

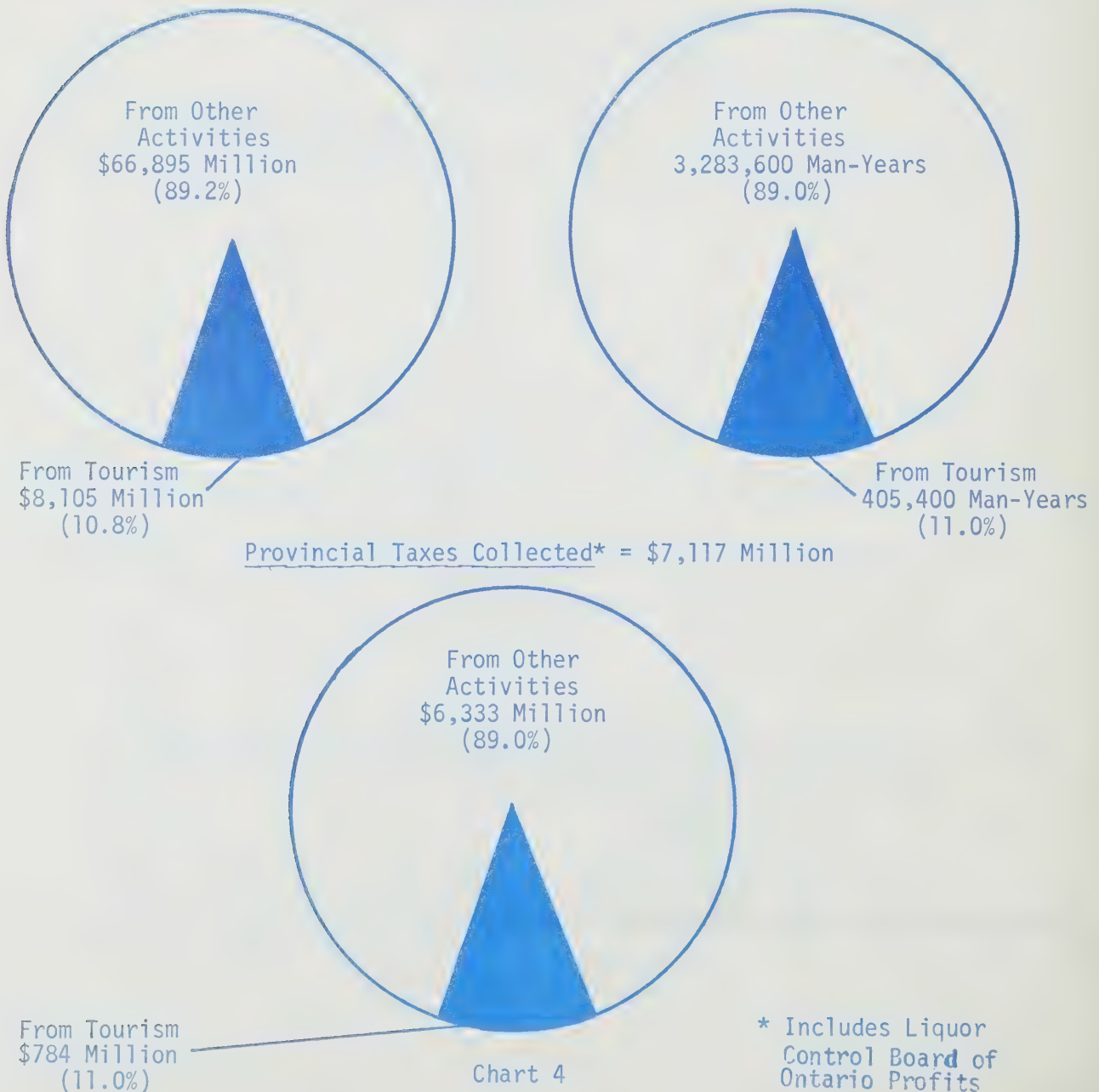


Table 3

TOURISM AND THE ONTARIO ECONOMY:
SOME INTERESTING PROPORTIONS, 1976

(a)	Contribution of Tourism ⁽¹⁾ , as Per Cent of Gross Provincial Product	10.8%
(b)	Tourism Employment as Per Cent of Total Ontario Employment	11.0%
(c)	Provincial Tourism Taxes Collected as Per Cent of Total Provincial Taxes	11.0%

Note: (1) Pertains to total income of \$8,105 million.

Source: Ontario Ministry of Industry and Tourism.

DISTRIBUTION OF ORIGINAL TOURISM DOLLAR SPENT

The original tourism dollar was spent in a wide range of businesses in Ontario, with the food and beverage sector accounting for the largest share - 27 cents of each dollar spent. The retail sales and service station sectors accounted for 18 and 17 cents, respectively, whereas the least amount was spent on amusement and recreation - 9 cents.

DISTRIBUTION OF ORIGINAL TOURIST
DOLLAR SPENT, BY SECTOR, 1976

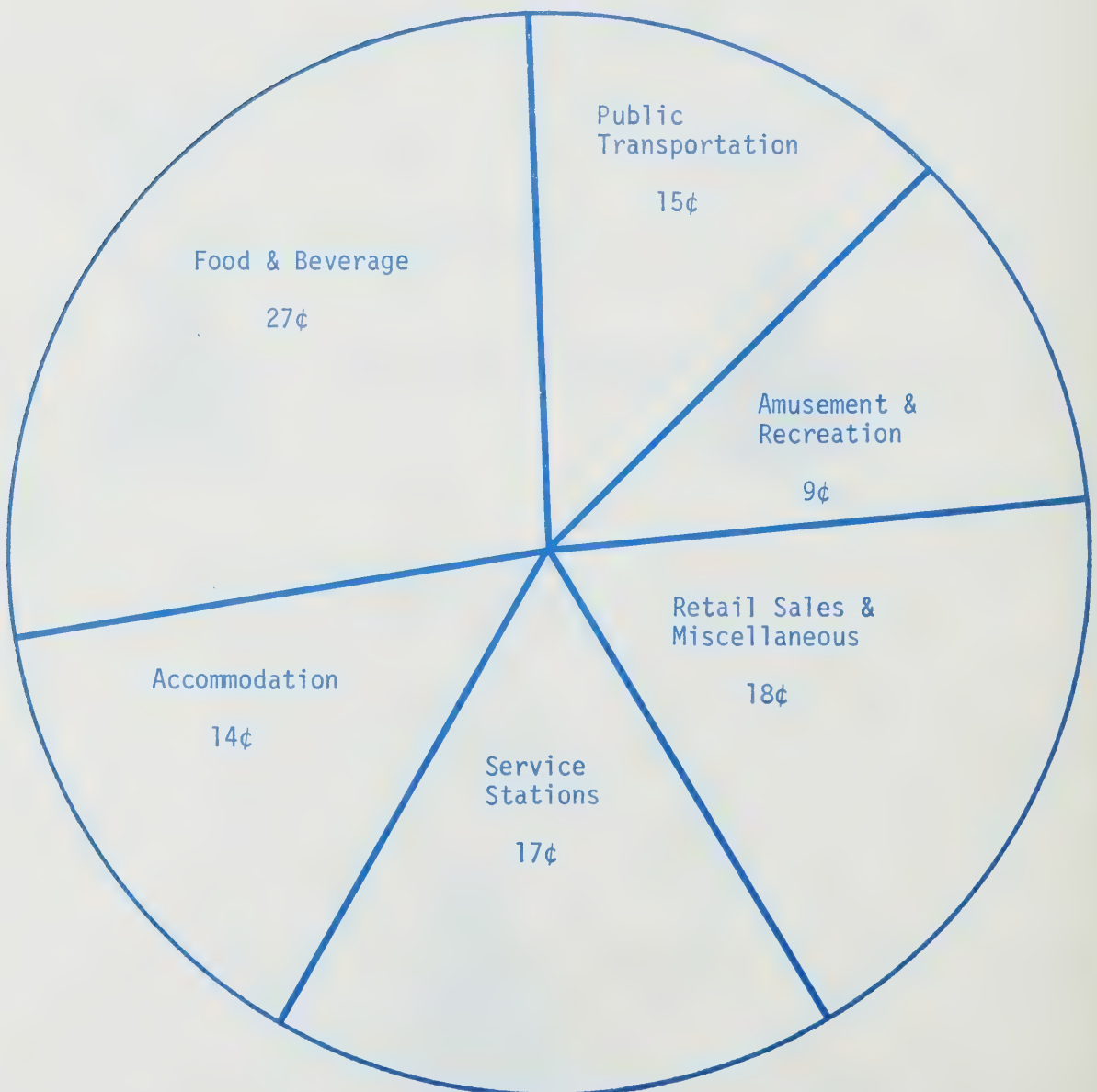


Chart 5

Table 4

TOURISM IS EVERYBODY'S BUSINESS, AND
MANY LINES OF PROVINCIAL BUSINESS BENEFITED, 1976

Original Tourism Dollar Spent in Wide Range of Businesses

Accommodation (1)	\$0.14
Food and Beverage	0.27
Amusement and Recreation	0.09
Public Transportation	0.15
Service Stations	0.17
Retail Sales and Miscellaneous	<u>0.18</u>
Total	\$1.00

Note: (1) Room sales only. (See also Appendix II (c) for additional definition).

Source: Ontario Ministry of Industry and Tourism.

CONTRIBUTION TO PROVINCIAL INCOME

The original \$4,314 million of tourism spending in activities directly serving tourism (i.e. accommodation), generated a further \$3,791 million in indirectly related activities (i.e. agriculture, real estate, etc.), for a total income of \$8,105 million. Tourism expenditures made in the retail sales sector generated the largest amount of total income of \$1,836 million, followed by the service station sector with \$1,818 million. The least amount of \$833 million accrued from the amusement and recreation sector.

Every one dollar spent in all of the tourism sectors combined generated a total income of \$1.88. The highest multiplier effects were associated with the service station (\$2.47) and retail sales (\$2.43) sectors, and the lowest with food and beverage (\$1.45).

CONTRIBUTION OF TOTAL TOURISM
EXPENDITURE TO ONTARIO'S INCOME, 1976

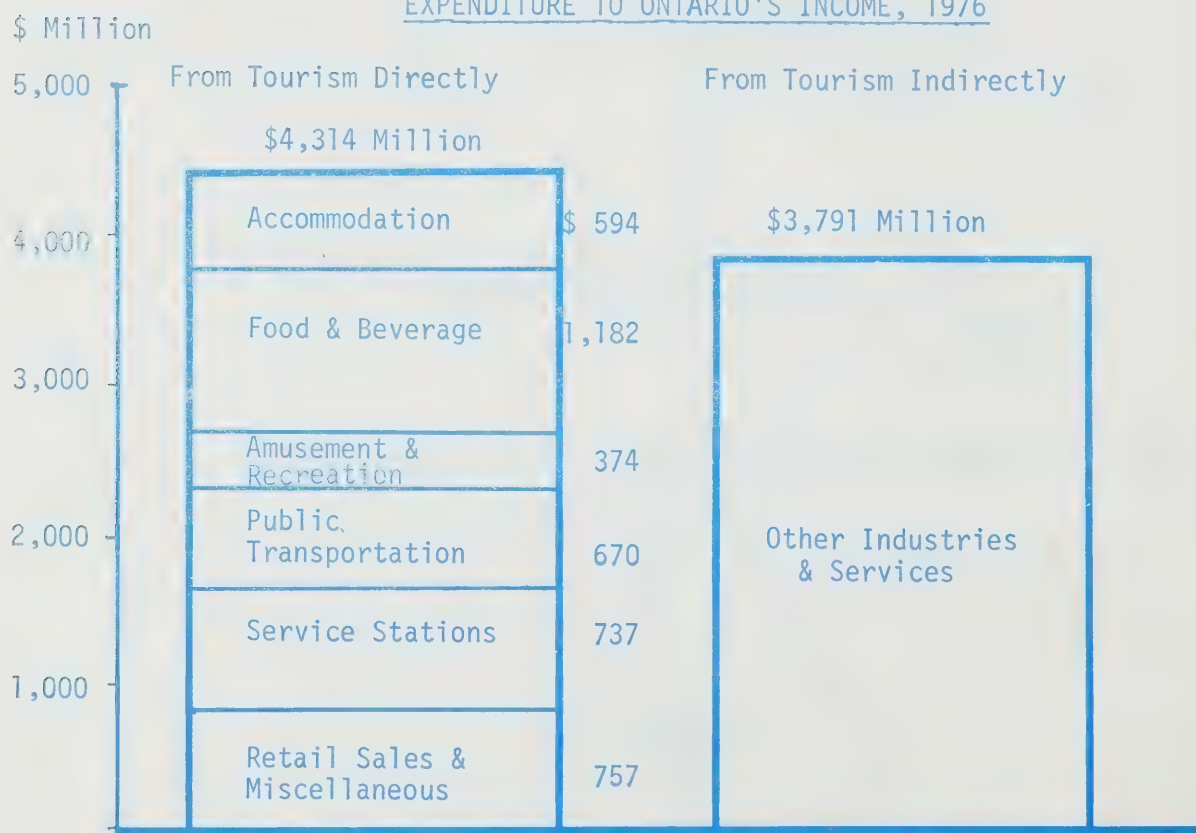


Chart 6

Table 5

ORIGINAL DOLLARS SPENT ON TOURISM
CIRCULATED TO OTHER BUSINESSES, 1976
(\$ millions)

<u>Spent In:</u>	<u>Original Expenditure Of:</u>	<u>Generated Total Income Of:</u>
Accommodation	\$594	\$872
Food and Beverage	1,182	1,708
Amusement and Recreation	374	833
Public Transportation	670	1,038
Service Stations	737	1,818
Retail Sales and Miscellaneous	<u>757</u>	<u>1,836</u>
Total	\$4,314	\$8,105

Table 6

INCOME MULTIPLIER⁽¹⁾ GENERATED BY
TOURISM EXPENDITURE IN ONTARIO, 1976

<u>Every One Original Dollar Spent In:</u>	<u>Generated Total Income Of:</u>
Accommodation	\$1.47
Food and Beverage	1.45
Amusement and Recreation	2.23
Public Transportation	1.55
Service Stations	2.47
Retail Sales and Miscellaneous	<u>2.43</u>
Average, All Sectors	\$1.88

Note: ⁽¹⁾ See Appendix II (d) for definition.
Source: Ibid, page .

CONTRIBUTION TO PROVINCIAL EMPLOYMENT

The original tourism expenditure of \$4,314 million generated 260,700 man-years of employment in activities directly serving tourism, and a further 144,700 man-years in indirectly related activities, for a total employment of 405,400. The highest number of direct and indirect man-years (93,300) were created as a result of the original tourism expenditure made in the food and beverage sector, and the lowest (43,300) in amusement and recreation.

For every one direct man-year of employment generated in all of the tourism sectors combined, a further 0.56 of a man-year was supported in industries indirectly related to tourism, for a total of 1.56 man-years. The highest multiplier effects were associated with the service station (1.78) and retail sales (1.76) sectors, and the lowest with food and beverage (1.37).

DIRECT AND INDIRECT EMPLOYMENT GENERATED BY TOURISM EXPENDITURE IN ONTARIO, 1976

Number of
Man-Years ('000)



Chart 7

Table 7

EMPLOYMENT GENERATED BY
TOURISM EXPENDITURE IN
ONTARIO, BY SECTOR, 1976
(Man-Years)

<u>Original Expenditure In:</u>	<u>Generated Direct Employment Of:</u>	<u>Generated Direct, Indirect And Induced Employment Of:</u>
Accommodation	34,100	47,300
Food and Beverage	67,900	93,300
Amusement and Recreation	30,800	43,300
Public Transportation	30,800	50,000
Service Stations	47,900	85,100
Retail Sales and Miscellaneous	<u>49,200</u>	<u>86,400</u>
Total	260,700	405,400 ⁽¹⁾
Note: ⁽¹⁾ This total includes direct employment of 260,700		

Table 8

EMPLOYMENT MULTIPLIER ⁽¹⁾ GENERATED BY
TOURISM EXPENDITURE IN ONTARIO, 1976

<u>For Every One Direct Man-Year Of Employment Generated In:</u>	<u>The Direct, Indirect And Induced Man-Years Of Employment Generated Were:</u>
Accommodation	1.39
Food and Beverage	1.37
Amusement and Recreation	1.40
Public Transportation	1.62
Service Stations	1.78
Retail Sales and Miscellaneous	<u>1.76</u>
Average, All Sectors	1.56

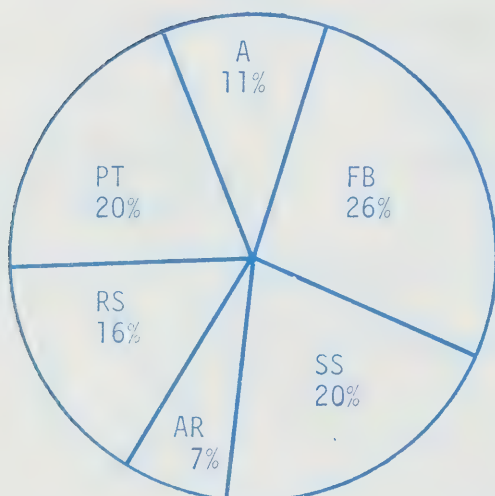
⁽¹⁾
Note: See Appendix II (d) for definitions.
Source: Ibid, page .

SECTORAL DEMAND FOR TOURISM, BY VISITOR ORIGIN

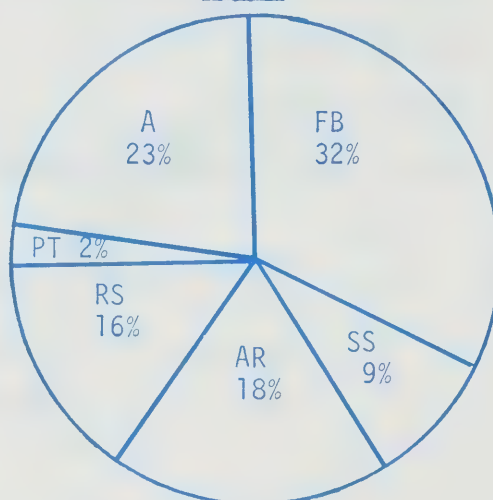
In general, for all origins of travellers, the highest proportion of total trip expenditures was on food and/or beverages, and the lowest on amusement/recreation. The only exception to this pattern was visitors from other countries and the U.S.A., whose highest and lowest outlay, respectively, was on public transportation.

DISTRIBUTION OF TOURISM EXPENDITURE,
BY SECTOR, AND ORIGIN OF TRAVELLERS, 1976
(In Per Cent)

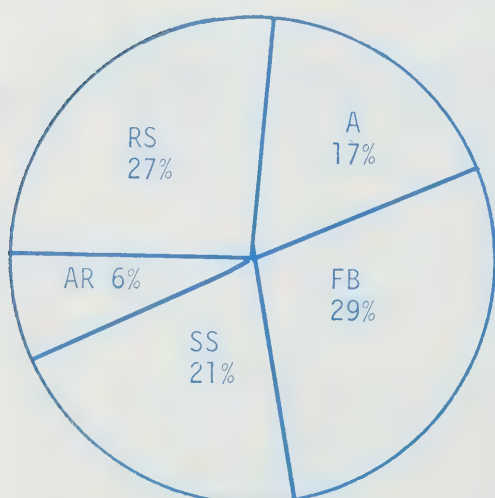
Ontario



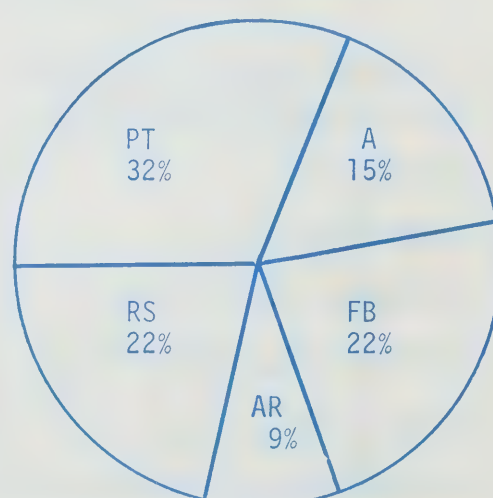
U.S.A.



Other Provinces



Other Countries



A = Accommodation
FB = Food/Beverage
SS = Service Stations

AR = Amusement/Recreation
RS = Retail Sales & Miscellaneous
PT = Public Transportation

Table 9

TOURISM EXPENDITURE IN ONTARIO, BY SECTOR
AND ORIGIN OF TRAVELLERS, 1976
(\$ millions)

Sector	Ontario	U.S.A.	Origin		Total
			Other Provinces	Other Countries	
Accommodation (1)	\$307.0	\$171.0	\$80.6	\$34.8	\$593.4
Food and Beverage	751.1	238.0	139.4	53.5	1,182.0
Service Stations	574.4	65.0	97.6	— (3)	737.0
Amusement and Recreation	188.6	134.0	30.3	21.4	374.3
Retail Sales and Miscellaneous	461.5	117.0	126.1	52.6	757.2
Public Transportation	574.2	18.0	— (2)	77.7	669.9
Total	\$2,856.8	\$ 743.0	\$474.0	\$240.0	\$4,313.8

Note: (1) Room Sales Only.

(2) Expenditure on Public Transportation fares is allocated to province of origin.

(3) Expenditure is deemed to be minimal.

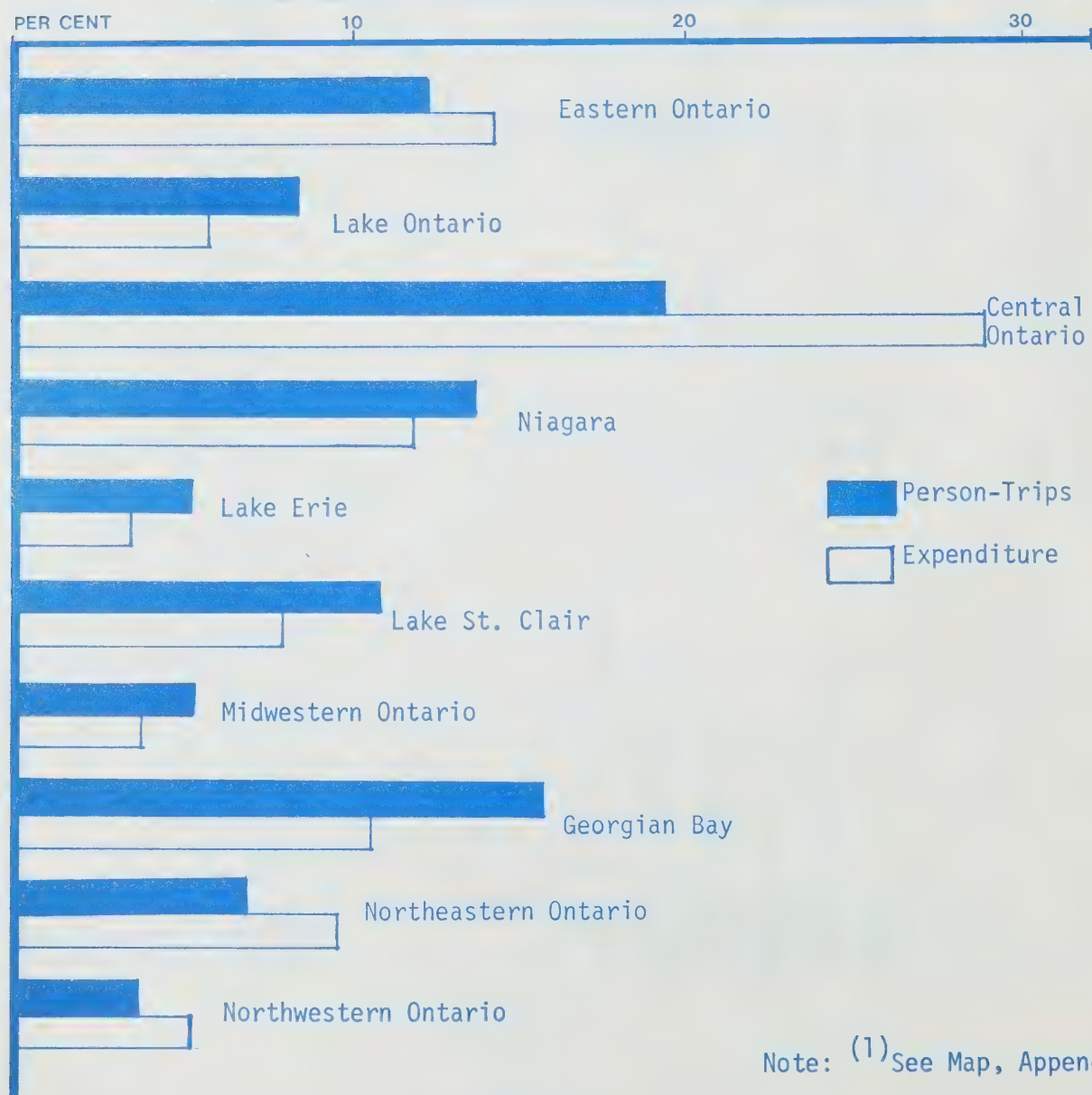
Source: Ontario Ministry of Industry and Tourism.

REGIONAL DEMAND FOR TOURISM

In total, travellers in Ontario tend to seek out the attractions of the Central Ontario region and spend most of their money there. Thus, that area in 1976 received 19.7 million person-trips and a \$1.2 billion boost to the economy.

The Georgian Bay area was next in popularity as a tourism destination, followed by the Niagara region, with 15.9 and 13.9 million person-trips, respectively. However, in terms of tourism revenue, the Eastern Ontario region ranked second and was followed by Niagara.

DISTRIBUTION OF PERSON-TRIPS AND TOURISM
EXPENDITURE, BY ONTARIO DESTINATION REGION, (1) 1976



Note: (1) See Map, Appendix I.

Table 10

NUMBER OF AND EXPENDITURE BY TRAVELLERS
IN ONTARIO, BY DESTINATION REGION, 1976

<u>Region</u> *	<u>Number of Person-Trips (000)</u>	<u>Per Cent</u>	<u>Expenditure (\$ millions)</u>	<u>Per Cent</u>
Eastern Ontario	12,497	12.2%	\$612.8	14.2%
Lake Ontario	8,540	8.3	239.9	5.5
Central Ontario	19,750	19.3	1,243.6	28.8
Niagara	13,900	13.6	508.8	11.8
Lake Erie	5,173	5.1	141.9	3.3
Lake St. Clair	10,908	10.7	337.5	7.8
Midwestern Ontario	5,189	5.1	154.5	3.6
Georgian Bay	15,954	15.6	447.1	10.4
Northeastern Ontario	6,898	6.7	408.7	9.5
Northwestern Ontario	<u>3,462</u>	<u>3.4</u>	<u>219.0</u>	<u>5.1</u>
Total	102,271	100.0%	\$4,313.8	100.0%

Note: * See Map, Appendix I.

Source: Ontario Ministry of Industry and Tourism, and Statistics Canada.

DEMAND FOR TOURISM - ONTARIO RESIDENT TRAVELLERS

During the 11 year period (1966-1977) the number of Ontarians travelling within their own province has more than doubled, and their tourism expenditures have increased five fold.

In 1966, 31.4 million person-trips were made, and spending amounted to \$651 million. For 1977, it is estimated that 76.5 million person-trips were undertaken and spending amounted to \$3,357 million.

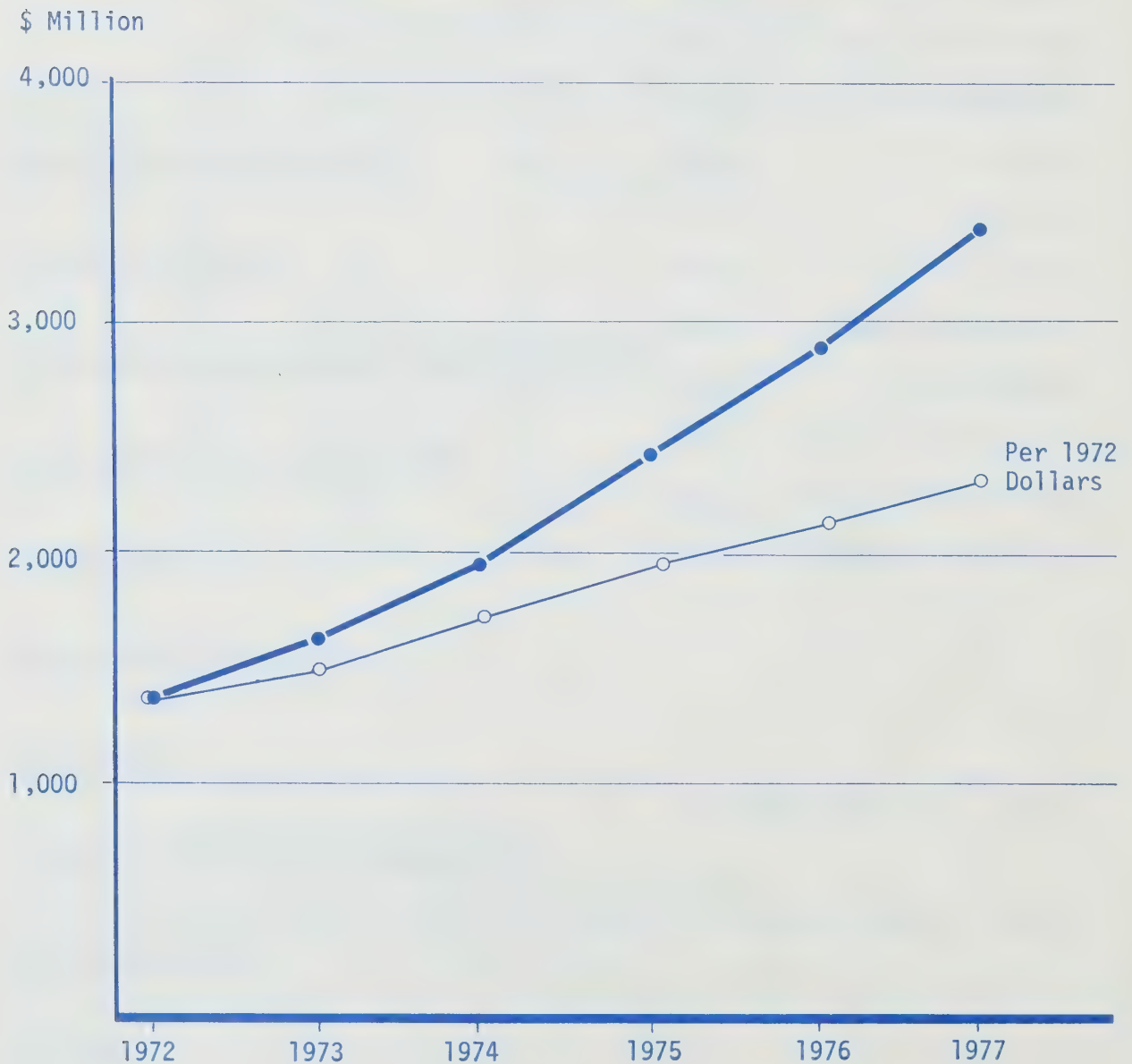
TOURISM EXPENDITURE BY ONTARIO RESIDENT
TRAVELLERS IN ONTARIO, 1972-1977

Chart 10

Table 11

NUMBER OF AND EXPENDITURE BY ONTARIO RESIDENT
TRAVELLERS IN ONTARIO, 1966-1977

<u>Year</u>	<u>Number of Person-Trips (000)</u>	<u>Expenditure</u> ⁽²⁾ <u>(\$ millions)</u>
1966	31,400	\$ 651
1967	33,700	727
1968	36,600	826
1969	39,400	936
1970	42,700	1,053
1971	47,400	1,208
1972	50,700	1,369
1973	54,400	1,595
1974	60,000	1,988
1975	65,100	2,427
1976	70,585	2,857
1977 ⁽¹⁾	76,500	3,357

Note: (1) Preliminary estimate (subject to revision).

(2) In current dollars.

Source: Ontario Ministry of Industry and Tourism.

DEMAND FOR TOURISM - U.S. TRAVELLERS

The number of visitors to Ontario from the U.S. increased steadily from 1968 and reached a peak in 1973 of 23.4 million person-trips. Visitation has since declined to a low of 20.8 million person-trips in 1977. However, spending by U.S. travellers has continued to climb steadily during the past nine years - from \$461 million in 1968 to an estimated \$856 million in 1977.

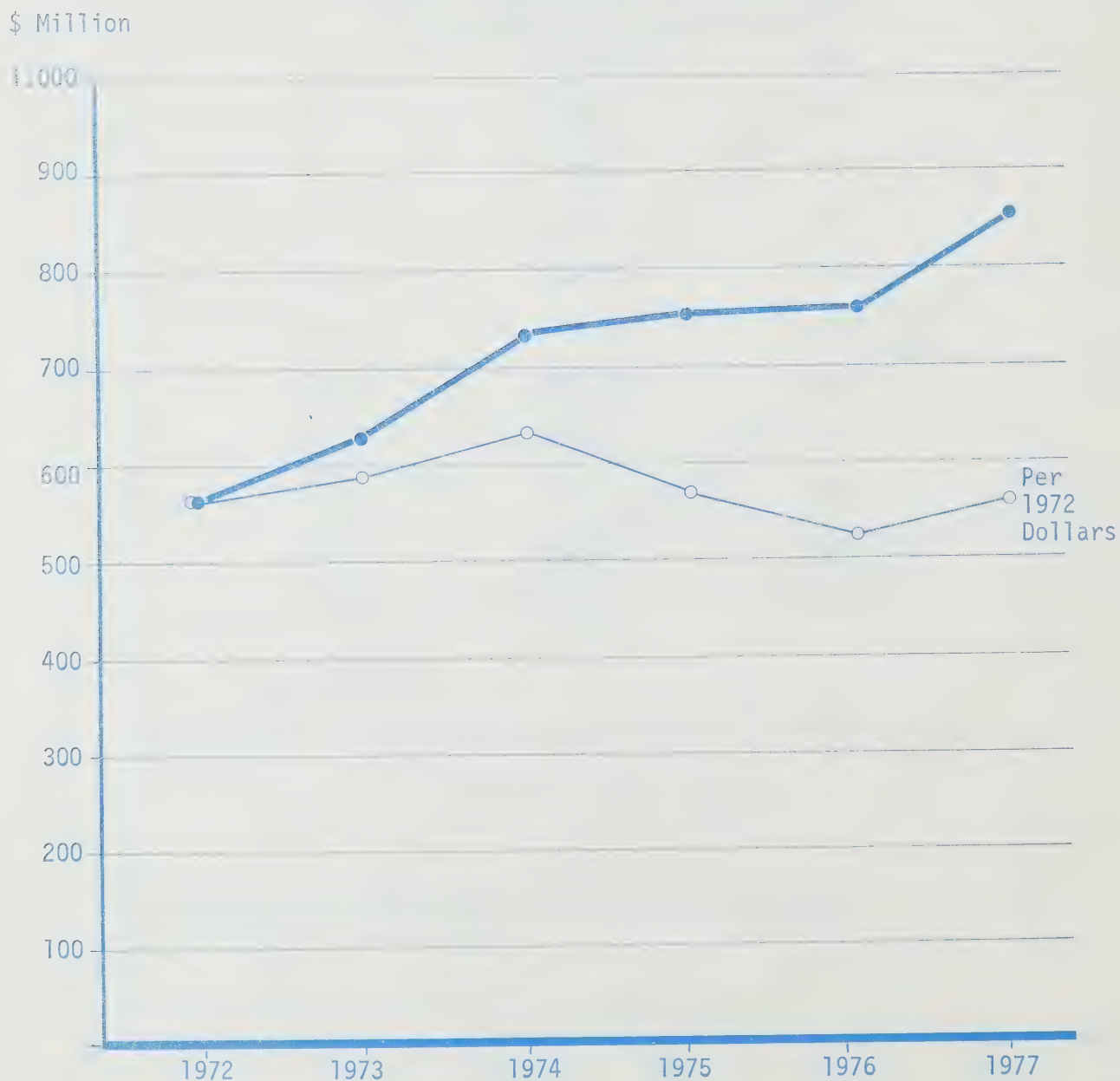
TOURISM EXPENDITURE BY U.S.
TRAVELLERS IN ONTARIO, 1972-1977

Chart 11

Table 12

NUMBER OF AND EXPENDITURE BY U.S. TRAVELLERS
IN ONTARIO, 1962-1977

<u>Year</u>	<u>Number of Person-Trips (000)</u>	<u>Expenditure⁽²⁾ (\$ millions)</u>
1962	20,357	\$ 274
1963	21,161	303
1964	21,827	333
1965	22,752	376
1966	23,538	409
1967 ⁽¹⁾	23,568	528
1968	20,313	461
1969	21,114	475
1970	21,425	533
1971	22,317	573
1972	22,494	552
1973	23,372	626
1974	22,862	738
1975	22,468	742
1976	20,853	743
1977	20,801	856 ⁽³⁾

Note: ⁽¹⁾ Change in port counting procedure by Federal Government between 1966 and 1967.

⁽²⁾ In current dollars.

⁽³⁾ Preliminary estimate (subject to revision).

Source: Ontario Ministry of Industry and Tourism, and based on Statistics Canada data.

DEMAND FOR TOURISM - OTHER PROVINCE TRAVELLERS

The number of visitors to Ontario from other Canadian provinces has also continued to increase, from 6.6 million person-trips in 1971 to an estimated 10.7 million in 1977. Their spending increased from \$201 million to \$557 million during the same period.

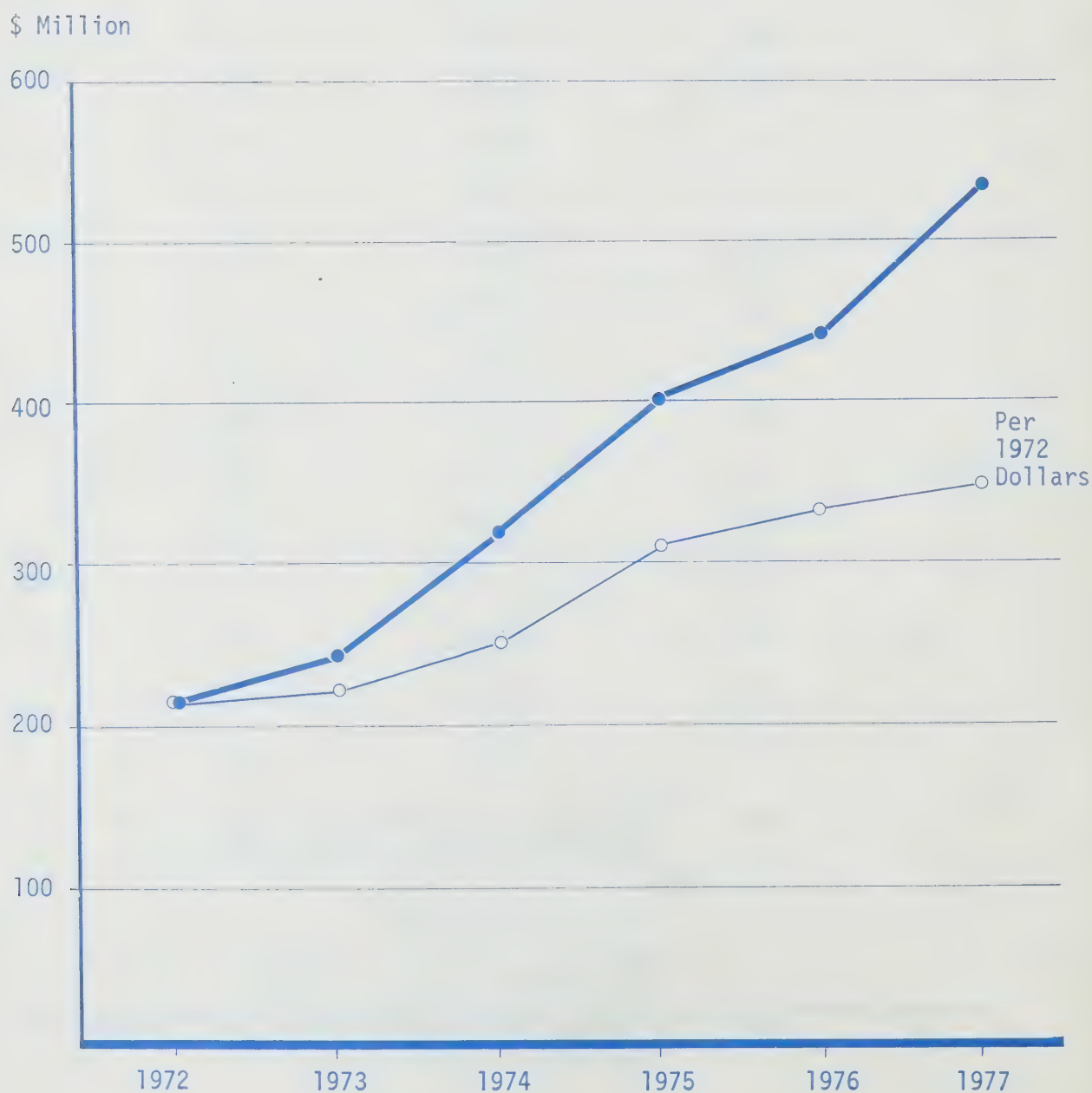
TOURISM EXPENDITURE BY OTHER PROVINCE
TRAVELLERS IN ONTARIO, 1972-1977

Chart 12

Table 13

ESTIMATED NUMBER OF AND EXPENDITURE BY
OTHER PROVINCE TRAVELLERS IN ONTARIO, 1971-1977

<u>Year</u>	<u>Number of Person-Trips (000)</u>	<u>Expenditure</u> ⁽²⁾ <u>(\$ millions)</u>
1971	6,600	\$ 201
1972	7,100	227
1973	7,600	265
1974	8,400	330
1975	9,100	403
1976	9,900	474
1977 ⁽¹⁾	10,700	557

Note: (1) Preliminary estimate (subject to revision).

(2) In current dollars.

Source: Ontario Ministry of Industry and Tourism.

DEMAND FOR TOURISM - OTHER COUNTRY TRAVELLERS

The other countries market has grown in significance over the last five years, and in 1977 accounted for only 0.8 per cent of Ontario's total number of visitors, but 4.8 per cent of the total tourism revenue. The peak year was 1976 which realized 933 thousand person-trips, with a large proportion of the increase over 1975 being due to spillover from the Olympics. A normal growth year was re-established during 1977.

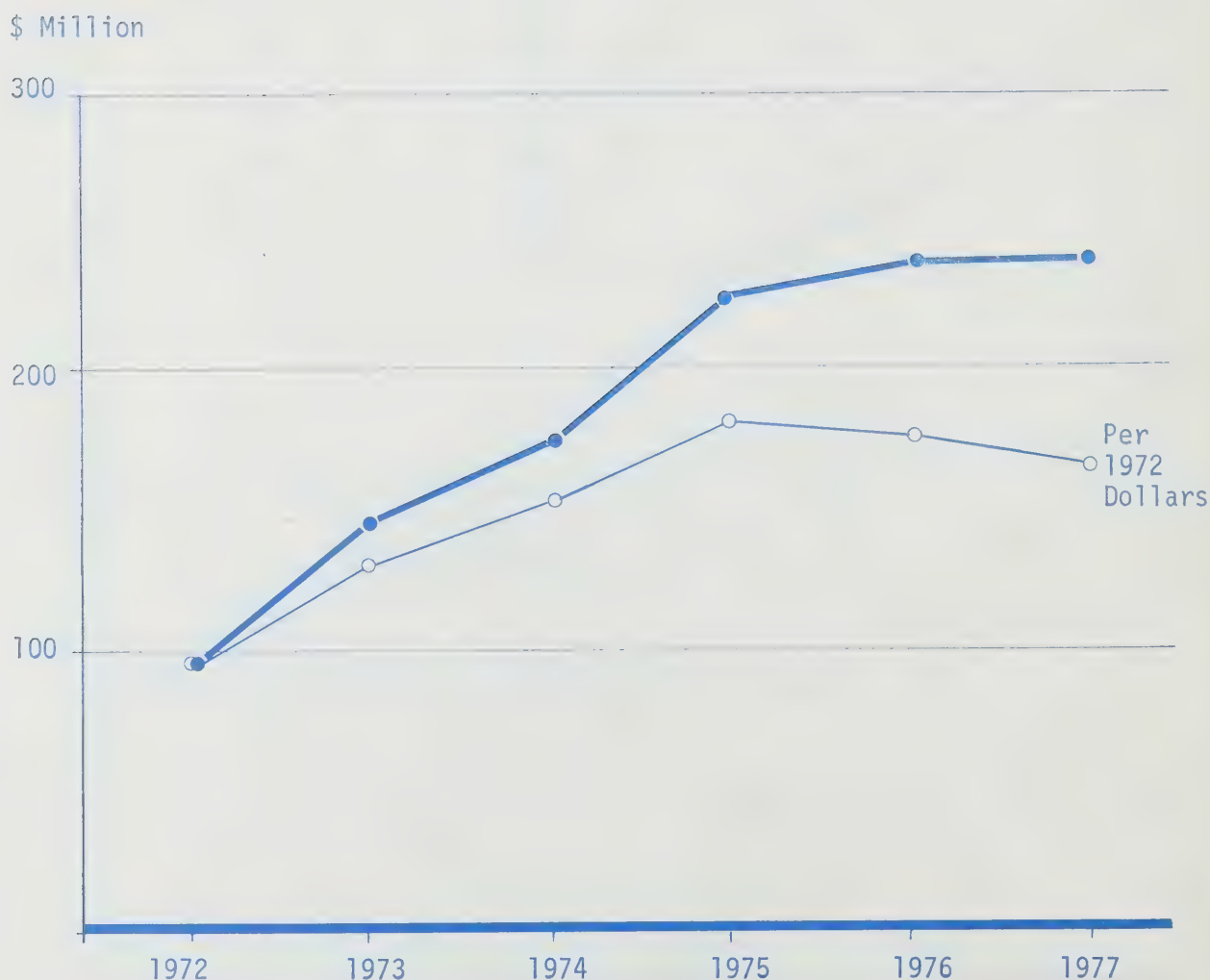
TOURISM EXPENDITURE BY OTHER COUNTRY TRAVELLERS IN ONTARIO, 1972-1977

Chart 13

Table 14

NUMBER OF AND EXPENDITURE BY OTHER
COUNTRY TRAVELLERS IN ONTARIO, 1964-1977

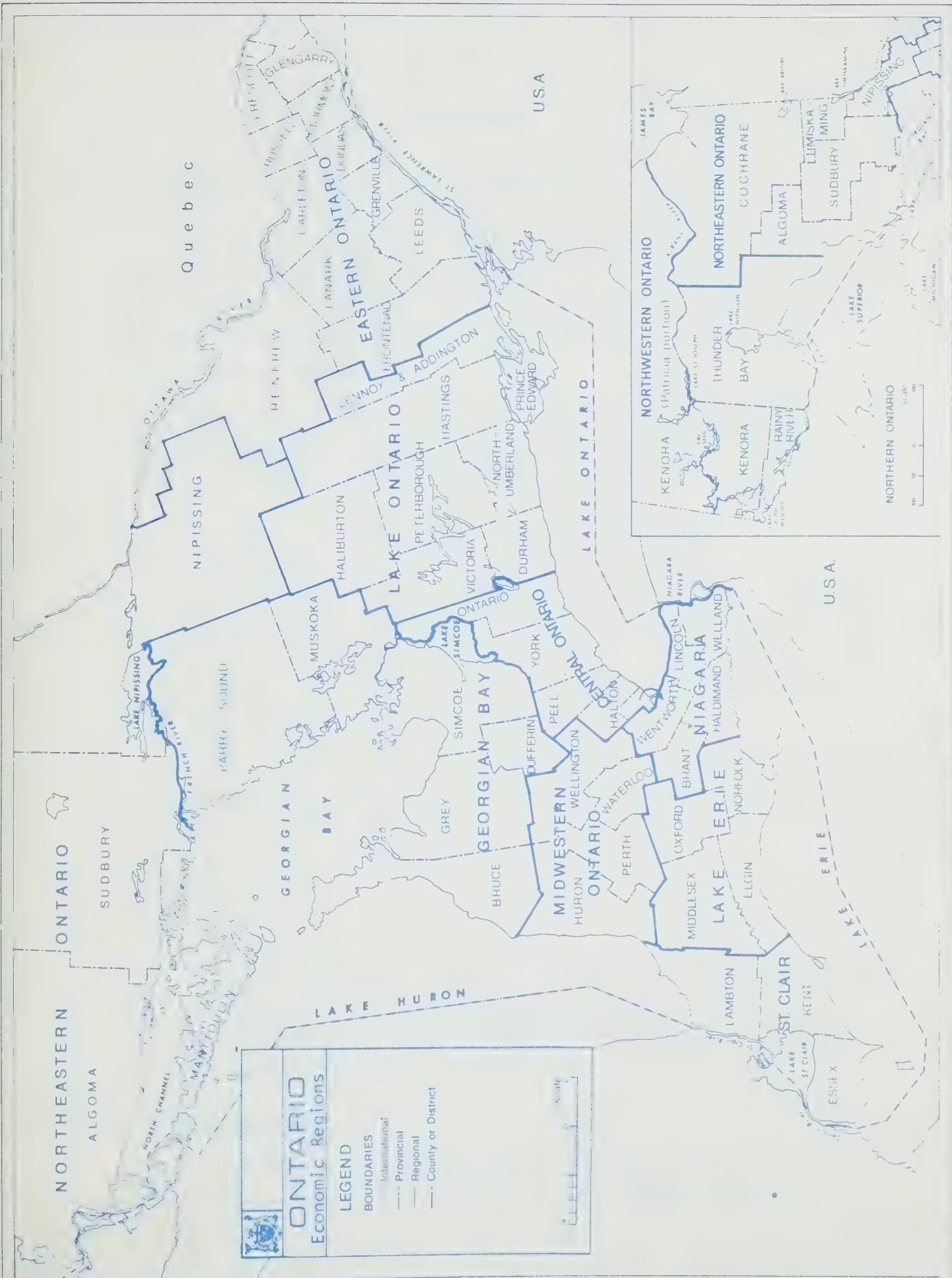
<u>Year</u>	<u>Number of Person-Trips (000)</u>	<u>Expenditure⁽²⁾ (\$ millions)</u>
1964	110	\$ 20
1965	116	22
1966	164	39
1967	158	37
1968	162	36
1969	210	44
1970	249	62
1971	252	66
1972 ⁽¹⁾	534	94
1973	693	142
1974	718	174
1975	778	228
1976	933	240
1977	848	240 ⁽³⁾

Note: (1) Visitors in-transit and staying less than 24 hours included as of 1972, but excluded from 1964-1971.

(2) In current dollars.

(3) Preliminary estimate (subject to revision).

Source: Ontario Ministry of Industry and Tourism, and based on Statistics Canada data.



APPENDIX II

DEFINITIONS(a) Person-Trips Taken by Residents of Ontario and Other Canadian Provinces in Ontario

Counted as a person-trip each time any member of a household travels, for any purpose, to destinations 25 miles or more (one-way) away from home. Daily travel from home to work is excluded, which also takes into account commercial truck operators and inter-city public transport operators.

Travel fares paid to Canadian inter-city public carriers, along with preparation expenditures on automobile, food and beverage, are accrued to province (or region) of origin.

(b) Person-Trips Taken by Non-Resident Travellers in Ontario

Counted as a person-trip each time any resident of the U.S.A. or other foreign country arrives in Canada for any purpose and on a visit for less than 12 months, and is cleared through Customs and Immigration points of entry. The totals include commuters, seasonal or temporary employment, and public transport crews.

Data for American and other country travellers are presented on a province of entry basis, and expenditures exclude travel fares paid to non-Canadian public carriers.

(c) Tourism Sectors1. Accommodation:

Expenditure made in regards to commercial accommodation rooms/units, which includes campsites and trailer park sites (municipal, provincial or national), and rental of private vacation cottage.

2. Food/Beverage:

Pertains to expenditure made on restaurant meals, groceries and beverages (including food and/or beverage portion of

accommodation bills) during trip by all visitor origins.

Also includes spending by Ontario residents only, on groceries/ beverages in preparation for trip.

3. Service Stations:

Expenditure made on auto gas/oil/maintenance, including auto rental/taxi, during trip, by all visitor origins. Also includes spending on above by Ontario residents only, in preparation for trip.

4. Amusement/Recreation:

Expenditure made on such as sporting events, theatres, night clubs, golfing fees, hunting/fishing licenses, boating expenses, provincial parks daily user fees, etc.

5. Retail Sales and Miscellaneous:

Expenditure on souvenirs, gifts, film, clothing, etc., and including personal services (laundry, barber, etc.), made during the trip only.

6. Public Transportation:

Expenditure on plane, bus, train and boat fares, and pertains to Canadian carriers only.

Note: Purchase of durables (i.e. auto, private cottage, recreational and sports equipment) pertaining to tourism and not made on a trip (as previously defined) is excluded from the above sectors.

(d) Tourism Multiplier

Measures of direct impact identify only part of the effect of tourism spending on the economy. Every aspect of economic activity is affected through the purchase of goods and services by tourists and by industries directly serving tourists. For instance, a tourist's food purchases in a restaurant can be traced back through the wholesale, food and related industries to the agricultural producer. Each supplier in turn will create demands on his suppliers, generating further income and employment. These latter effects are defined as being indirect.

However, industries generate income, and this is spent by households and businesses on consumption and investment, thus creating further demands in the economy. These effects are defined as being induced. These indirect and induced effects are commonly known as the "multiplier effect".



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